
**ATLANTIC COAST
COPPER CORPORATION
LIMITED**

**FIFTEENTH ANNUAL
REPORT**

**FOR THE YEAR ENDED 1971
DECEMBER 31,**

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders
will be held on Friday, June 23rd, 1971
at 10:00 o'clock in the forenoon (Toronto time)
in the Nova Scotia room, Royal York Hotel,
Toronto, Ontario

ATLANTIC COAST COPPER CORPORATION L I M I T E D

1971

ANNUAL

REPORT

DIRECTORS

L. F. DALEY, Q.C. Halifax, Nova Scotia
W. D. MACAULAY, Q.C. Saint John, New Brunswick
D. A. MACFARLANE Saint John, New Brunswick
G. F. PUSHIE St. John's, Newfoundland
L. MCC. RITCHIE, Q.C. Saint John, New Brunswick

OFFICERS

L. MCC. RITCHIE, Q.C. *President*
W. D. MACAULAY, Q.C. *Vice-President and Secretary*
D. A. MACFARLANE *Treasurer*
MRS. M. JONES *Ass't.-Secretary*

HEAD OFFICE

SUITE 2700, 25 KING ST. WEST Toronto 105, Ontario

EXECUTIVE OFFICE

GOLDEN BALL BUILDING Saint John, New Brunswick

TRANSFER AGENT AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA Toronto, Ontario

AUDITORS

MCDONALD, CURRIE & Co. Saint John, New Brunswick

ATLANTIC COAST COPPER CORPORATION LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to submit herewith the annual report of your Company for the year ended December 31, 1971.

During 1971 the efforts of management were directed towards developing the exploration projects under its control and reviewing other projects brought to the attention of management. Exploration was continued on the former claims of Clearwater Mines Limited as described below. Management also directed its efforts towards augmenting the asset position of the Company.

The second phase of an exploration agreement entered into with First Maritime Mining Corporation Limited in 1970 was not exercised in 1971. First Maritime has since allowed these claims to lapse.

The Company's major expenditure was in connection with claims, in Northern New Brunswick, formerly held by Clearwater Mines Limited. In January, 1971, a new company, Micmac Mines, Limited was incorporated and the claims of Clearwater were transferred to this company. A program of geological exploration and diamond drilling was carried out and a total of \$143,318 was expended on the project. Thirty-two anomalies were tested and the results enabled the Company to reduce its area of interest. The total program is under assessment but it is unlikely that the 1972 program, if any, will be of the magnitude of previous years.

In August, 1971, applications were requested by the Province of New Brunswick to undertake the exploration and development of a salt-potash prospect in the Sussex area of New Brunswick. Your Company, together with First Maritime Mining Corporation Limited, submitted an application, with the support of the Irving group of companies in Saint John, N.B., to undertake this project. If successful, your Company could earn a one-third interest in the project.

During the year, the Company purchased 253,271 shares of Northern Canada Mines Limited at a cost of \$271,613. Northern Canada

Mines is a company with a significant holding (approximately 20.5%) in the shares of Consolidated Rambler Mines Limited. Three of your directors were elected to the Board of Northern Canada Mines Limited and two of those three directors were subsequently elected to the Board of Consolidated Rambler Mines Limited. Since December 31, 1971, your Company has made a further investment in 239,600 shares of Consolidated Rambler Mines Limited at a cost of \$509,434. This investment was made to protect its continued interest in the Rambler company. Prospects for development of the latter company's mining properties in Newfoundland appear favorable.

Also subsequent to December 31, 1971, the Company purchased 200,000 shares of Brunswick Mining and Smelting Corporation Limited following a rights issue of this company in January of 1972. These shares were positioned at a cost of \$512,903.

The Company's income for 1971 was from interest and dividend income. Lower interest rates prevailed during the year which was reflected in a decrease in income.

The net asset value of the Company at December 31, based on the market value of its holding, amounted to 90.3c per share as compared to 96.2c per share at the preceding year-end. This value had increased to \$1.02 at March 31, 1972.

During 1972, it is anticipated further efforts will be made to review attractive exploration possibilities and in the meantime, an aggressive stance will be maintained to enhance the Company's asset position.

On behalf of the board

L. McC. RITCHIE, Q.C.,

President.

May 17, 1972.

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO SHAREHOLDERS

We have examined the balance sheet of Atlantic Coast Copper Corporation Limited as at December 31, 1971 and the statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MCDONALD, CURRIE & CO.

Chartered Accountants.

SAINT JOHN, N. B., February 4, 1972

ATLANTIC COAST COPPER CORPORATION LIMITED-

BALANCE SHEET AS AT DECEMBER 31, 1971

ASSETS

	1971 \$	1970 \$
CURRENT ASSETS		
Cash	33,711	46,414
Short-term deposits and accrued interest	2,773,315	2,889,423
Marketable securities (quoted value \$948,370, 1970 - \$1,045,312)	1,023,360	1,023,360
Accounts receivable	25,866	248,360
	<u>3,856,252</u>	<u>4,207,557</u>
INVESTMENT IN SHARES OF NORTHERN CANADA MINES, LIMITED - at cost (quoted value \$124,054)	271,613	—
FIXED ASSETS (note 1)		
Automotive equipment - at cost less accumulated depreciation	2,854	—
	<u>4,130,719</u>	<u>4,207,557</u>

Signed on behalf of the Board:

L. McC. RITCHIE, Director.

D. A. MACFARLANE, Director.

LIABILITIES

CURRENT LIABILITIES

	1971 \$	1970 \$
Accounts payable and accrued liabilities	24,599	50,787
Income taxes payable	—	45,483
	<u>24,599</u>	<u>96,270</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 5,000,000 shares without par value		
Issued and fully paid — 4,300,000 shares	3,390,000	3,390,000

RETAINED EARNINGS	716,120	721,287
	<u>4,106,120</u>	<u>4,111,287</u>
	<u>4,130,719</u>	<u>4,207,557</u>

ATLANTIC COAST COPPER CORPORATION LIMITED

Statement of Earnings and Retained Earnings

For the Year Ended December 31, 1971

REVENUE

	1971 \$	1970 \$
Investment income	173,608	247,637
Copper concentrate production - net	—	498,551
	<u>173,608</u>	<u>746,188</u>

EXPENSES

Operating	54,196	112,888
Exploration costs (note 3)	146,833	117,984
Excess of residual value over disposal price of fixed assets	—	210,901
Materials and supplies written off	—	2,116
	<u>201,029</u>	<u>443,889</u>

EARNINGS (LOSS) BEFORE PROVISION FOR TAXES	(27,421)	302,299
PROVISION FOR INCOME AND MINING TAXES	—	185,817

NET EARNINGS (LOSS) FOR THE YEAR	<u>(27,421)</u>	<u>116,482</u>
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RETAINED EARNINGS — BEGINNING OF YEAR	721,287	604,805
Adjustment of prior year's income taxes	22,254	—

	<u>743,541</u>	<u>604,805</u>
RETAINED EARNINGS — END OF YEAR	<u>716,120</u>	<u>721,287</u>

NOTE:

The company closed its mine in October 1969; under the circumstances earnings per share have no significance.

ATLANTIC COAST COPPER CORPORATION LIMITED

Statement of Source and Use of Funds

For the Year Ended December 31, 1971

SOURCE OF FUNDS

	1971 \$	1970 \$
From operations	—	367,436
Disposal of fixed assets - net	—	311,032
Adjustment of prior year's income taxes	22,254	—
	<hr/> 22,254	<hr/> 678,468

USE OF FUNDS

In operations	26,198	—
Purchase of shares of Northern Canada Mines, Limited	271,613	—
Purchase of fixed assets	4,077	—
	<hr/> 301,888	<hr/> —

INCREASE (DECREASE) IN WORKING CAPITAL	(279,634)	678,468
WORKING CAPITAL — BEGINNING OF YEAR	4,111,287	3,432,819
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WORKING CAPITAL — END OF YEAR	<u>3,831,653</u>	<u>4,111,287</u>

ATLANTIC COAST COPPER CORPORATION LIMITED

Notes to Financial Statements

For the Year Ended December 31, 1971

1. FIXED ASSETS

All fixed assets at Little Bay, Newfoundland, except the company's mining property, were disposed of during 1970.

2. DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

The direct remuneration paid or payable to senior officers as defined by the Business Corporations Act aggregated \$7,800 in 1971. J. D. Irving, Limited was paid \$23,591 for executive services. In addition, Messrs. Daley, Black, Moreira & Piercey in which firm L. F. Daley, Q.C., is a partner were paid \$2,273 for legal services and Messrs. McKelvey, Macaulay, Machum & Fairweather in which firm W. D. Macaulay, Q.C., is a partner were paid \$8,147 for legal services.

3. PARTICIPATION AGREEMENT OUTSTANDING

Clearwater Mines Limited (No personal liability) and Micmac Mines, Limited (No personal liability)

Under the above participation agreement Atlantic has expended \$253,256, including \$143,318 during the year on exploration and development work on the mining properties held by Micmac. In consideration for monies expended, Atlantic has the right to acquire shares of Micmac on a basis of one share for each \$1.273 expended during the year. Atlantic received 86,363 shares for monies expended to December 31, 1970 and subsequent to the year end received 112,582 shares for monies expended in 1971. The agreement expires March 31, 1973 and an expenditure of \$350,000 would give Atlantic more than 50% of the issued shares of Micmac. The agreement may be terminated at any time, upon notice to Clearwater and Micmac.

